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CENTRAL INTELLIGENCE AGENCY

REPORT

INFORMATION REPORT

CD NO.

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COUNTRY East Germany

DATE DISTR. 26 May 1955

SUBJECT The East German Ministry for Post
and Telecommunications

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(LISTED BELOW)

DATE OF
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SUPPLEMENT TO 25X1
REPORT NO.

THIS DOCUMENT CONTAINS INFORMATION AFFECTING THE NATIONAL DEFENSE
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2. A conference of the ministerial board on 26 August 1954 was attended by Minister Friedrich Burmeister; Kurt Gebhardt, Deputy Minister of Telecommunications; Johannes Gruetzmacher, Deputy Minister of Postal Affairs; and the main department chiefs Erwin Graf for Post; Egon Zirzow for Telecommunications; and Alfred Adler for Radio. The board decided that the 5 million eastmarks were to be saved by reducing the funds of the HV Telecommunications about 3,500,000 eastmarks and the funds of the HV Post about 1,500,000 eastmarks, while those of HV Radio were not to be affected.

3. Later the same day, a work conference was held at the HV Telecommunications. This meeting was attended by:
Gebhardt, deputy minister of telecommunications
Zirzow, chief of HV Telecommunications
Stuebner (fnu), (Fe Fv) (chief engineer)
Sternberg (fnu) Fe I
Bomboes (fnu) Fe I 2
Hofmann (fnu) Fe I 3
Troschke (fnu) Fe I 5

Gebhardt stated that the saved funds would have to be transferred to the Ministry of Finance by 30 August 1954 because they were required to stabilize the finances for the essential reduction of HO prices in the near future.

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4. the chiefs of the investment departments of the 15 district administrations were ordered to Berlin to check the investment plans of the individual district administrations before returning the HV Telecommunications funds about 3,500,000 DME. On 27 August, at a meeting with

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Sternberg, chief Fe I, as chairman, each item of the individual district administration investment plans was checked and the funds were reduced approximately 2,000,000 DM. This affected the investment plans which had not been completed. After the reduction, the 1954 investment plans of the ~~of telecommunications~~ amounted to 99,900,000 DM and had been realized to 99 percent.

5. In late September 1954, the HV of Telecommunications was requested by the State Planning Commission to reduce the 1954 funds allotted for the construction of the repeater station "A" in Strausberg to 200,000 Eastmarks since it was improbable that the construction work scheduled for 1954 could be done. Since the local construction firms were already completely occupied with the Strausberg South and North housing projects for the Ministry of Interior, neither labor nor material was available for the construction of the repeater station. The Strausberg repeater station was scheduled to be completed in July 1955.
6. In late October 1954, the Soviet adviser at the MPF took an interest in investment procedures. In concordance with the ~~Soviet advisers at the~~ ministries, he promised to arrange for the MPF to ~~assign a high central~~ number for funds in 1955. In early November 1954, the Soviet adviser was given a tabulation covering the number of toll positions, subscriber units and telephones delivered to the Deutsche Post in 1953 and 1954 and the production capacity of the industry for telecommunication equipment.²
7. On 5 November 1954, Gebhardt, Zirzow and Chef-Ing Stuebner were present when the Soviet trunk exchange on Dotti Strasse, Berlin Lichtenberg, was turned over to the Deutsche Post. The Soviet trunk exchange was not combined with the German station located in the same building. The Soviet ring lines were not affected by this transfer. The trunk exchange was guarded by VP, and special gate passes with Deputy Minister Gebhardt's signature were required to enter the building.
8. In mid-December representatives of the HV of Telecommunications and of the Central Office of Post and Telecommunications (PFZ) in Frankfurt/Oder tested a dial central office (VST W) and a toll central office (VST Fern) with 1,100 subscriber units and 17 toll positions. The installation had been in operation since 3 December 1954.
9. In October it was determined by the HV of Telecommunications that various component parts to be produced by Fernmeldewerk Arnstadt could not be delivered on schedule in 1954. These components primarily included special relays such as impulse relays and two phase a.c. relays which were required for transposers and feeding circuits of all new dial and toll central offices. Since the ~~the~~ installations could not be completed without these relays, about 3,500,000 Eastmarks of the 1954 funds were not used. Fernmeldewerk Arnstadt promised to deliver the components during the first quarter of 1955, provided that the required core iron arrived in time. These delays were the result of a reassignment of work to the individual telecommunication plants which had been ordered by the Ministry of Machine Construction in 1954. The production of two phase a.c. relays was transferred from Fernmeldewerk Treptow to Arnstadt and the production of impulse relays was transferred there from Fernmeldewerk Leipzig. After the machine tools had been moved from Leipzig to Arnstadt, the Ministry cancelled the transfer and Fernmeldewerk Leipzig continued to produce impulse relays for the transposers built by Fernmeldewerk Arnstadt. In late October 1954, the Ministry of Post and Telecommunications again urged the Ministry of Machine Construction to deliver the relays on schedule by 31 December 1954.
10. In early August 1954, the MPF was ordered by the State Planning Commission to build and put into operation at the Leipzig Fair in Spring 1955 a dial central office with 700 subscribers. The required funds of 245,000 Eastmarks were to be made available by replanning in August 1954. The order of the Cabinet Council

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requesting a reduction of funds. Any replanning had the result of the MPF that the required funds to be turned over to the State. Replanning was rejected by the Cabinet Council on 21 October 1954. Although no funds were available, the project was not cancelled. The expenses for installations which had already been ordered were covered by 100,000 Eastmarks working capital of the Deutsche Post Procurement Office, although this was against the plan and considered a black investment. Assembly work of the dial central office in Leipzig was to start on 2 January 1955.

11. On 21 October 1954, the Cabinet Council approved the construction of a power unit for the Soviet message center at Karlshorst. The 85,000 Eastmarks to cover the expenses were to be obtained by replanning the funds available. 25X1
12. On 24 September 1954, a delegation of eight men under Deputy Minister Gruetzmacher left by plane. The delegation was composed of the chief engineers of the individual district administrations and one representative of the Industry Labor Union of Post and Telecommunications, all of the [redacted] members. 25X1
13. An export conference at the DIA House (German Internal and Foreign Trade) on 1 October 1954 was attended by representatives of the DIA, a Polish economic delegation, a representative of the Polish postal administration and Zirzow and Doernfeld (fmu) who was in charge of material supply for telecommunications at the MPF. The presence of MPF representatives at the conference had been especially requested by the Polish postal administration. This office intended to order telecommunication equipment, dial central offices and toll central offices through the DIA and wanted the Deutsche Post to control the production and to do the technical acceptance test. Zirzow, chief of the HV of Telecommunications refused the control of the delivery because the MPF had not enough personnel, but he agreed to the technical acceptance test. The installations were to be preceded by Fernmeldewerk Arnstadt.
14. At the Leipzig Fair in the fall of 1954, the [redacted] postal administration had ordered from Fernmeldewerk Blankenburg 5,000 X-38 type telephones of green plastic. Although the plan [redacted] plastic material was not light resistant and would change [redacted] units were delivered in September. 25X1
15. On 1 September 1954, Sternberg, chief of Department Fe I, was assigned to take a 9 month training course at the Babelsberg Administrative Academy. During this period he was replaced by Doernfeld, chief of the Department for Material Supply for Telecommunications.
16. [redacted] a new telecommunication building was to be constructed on Markgrafendamm in East Berlin. 25X1
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1. [redacted] Comment. For details of the investment plant, see Annex 1
2. [redacted] Comment. For a copy of the tabulation prepared for the Soviet adviser at the MPF, see Annex 2. 25X1
3. [redacted] Comment. For a list of telephone exchanges and subscriber's lines at the individual district administrations, status late 1953, see Annex 3. 25X1

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Investment Plan of the H.V. Telecommunications of the GDR For the Second Half of 1954

A. Changes in Planning (in [redacted])

Object	July	August	September	October	November	December
1. Orders left from the first half of 1954	670,000	670,000	670,000	same as September	670,000	650,000
2. Continuations	7,000,000	6,920,000	6,740,000		6,655,000	6,670,000
3. Technical equipment	9,770,000	9,670,000	9,710,000		8,710,000	8,710,000
4. Transmission technical equipment	5,650,000	4,730,000	4,410,000		4,495,000	4,660,000
5. Telecommunication network	13,070,000	13,510,000	13,170,000		13,170,000	13,040,000
6. Transport vehicles	2,400,000	3,410,000	2,200,000		2,180,000	2,090,000
7. Hochbau Magdeburg	500,000	500,000	480,000		480,000	480,000
8. Hochbau Leipzig	300,000	300,000	300,000		300,000	300,000
9. Hochbau Gera	350,000	350,000	270,000		270,000	270,000
10. Hochbau Neubrandenburg	250,000	250,000	140,000		140,000	140,000
11. Repeater Station "A"	400,000	400,000	200,000		200,000	700,000
12. Lower limit	2,520,000	2,600,000	2,410,000		2,410,000	2,420,000
Total:	42,310,000	42,310,000	39,700,000		39,680,000	39,520,000

B. Fulfilment of Plans (in [redacted])

	July	August	September	October	November	December
1. 540,000	580,000	580,000	605,000	620,000		635,000
2. 3,540,000	3,980,000	4,490,000	5,040,000	5,440,000		5,570,000
3. 3,610,000	4,530,000	5,510,000	5,970,000	6,720,000		8,570,000
4. 1,270,000	1,525,000	1,710,000	1,970,000	2,300,000		4,650,000
5. 4,600,000	5,940,000	7,235,000	8,770,000	10,450,000		12,430,000
6. 165,000	180,000	320,000	410,000	530,000		1,650,000
7. 125,000	170,000	230,000	310,000	375,000		400,000
8. 60,000	80,000	115,000	145,000	190,000		285,000
9. 30,000	65,000	75,000	120,000	150,000		260,000
10. -	-	15,000	30,000	50,000		105,000
11. -	-	-	-	5,000		45,000
12. 640,000	340,000	1,090,000	1,290,000	1,320,000		2,220,000
Total:	14,780,000	17,890,000	21,370,000	24,650,000	28,300,000	37,720,000

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C. Fulfilment of Plans (in percentages)

	July	August	September	October	November	December
1.	80	86	87	80	94	98.5
2.	51	58	67	75	92	98
3.	37	47	64	69	77	99
4.	23	32	39	45	51	99.5
5.	35	44	55	67	80	98
6.	7	8	14	19	24	78.5
7.	25	35	48	65	78	98
8.	19	26	39	49	62	100
9.	10	19	27	45	55	100
10.	-	-	10	24	36	78
11.	-	-	-	-	2.5	72
12.	25	32	45	53	64	95
Average:	34	43	54	62	71	97

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Remarks

1. The figures give the status at the end of the month.
2. In July, the investment funds for the Object No 2, 3, 5, and 11 ^{were} increased. Project No 11 involved the repeater station for the Ministry of Interior. The station was to be gradually transferred to Strausberg by 1 July 1955.
3. In August the funds for the Objects 2, 3, and 4 were reduced after it was determined that various products could not be delivered before 1955. Half of the money was given to Object No 5 and 12 and the other half to the planning reserve.

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obtained by further reductions at a later date.

5. No essential cuts were made in October and November.
6. In order to facilitate a 95 to 98 percent fulfilment of the investment plan by the end of 1954, the State Planning Commission officially permitted replanning on 6 December. Items that could be delivered immediately, such as telephones, rectifiers etc, were not available for Objects 2, 3, 4, and 12. In December 1954 the Investbank-Zentrale Berlin published directives for the final settlement of accounts. All amounts saved by the District Administrations, that is all those funds that had not been used, and had already been placed at the disposal of the Investbank, could be accounted for as fulfilment. The 1.5 percent price reduction for construction and assembly work which was to be achieved by improved working methods and had already been subtracted from the fixed budget could also be placed on the fulfilment account. The construction and assembly work concerned all bricklaying, carpentry work, plumbing and roofing. This measure affected a theoretical fulfilment of the investment plans of 97.2 percent, which with correct ~~bracketing~~ ^{bracketing} would have amounted only to 86 to 87 percent. An amount of 200,000 ~~marks~~ ^{marks} was given to the planning reserves of the State Planning Commission.

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Annex 2

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Tabulation Prepared in Early November 1954 by the HV
Telecommunications for the Soviet Adviser at the Ministry of Post and
Telecommunications

Units delivered

Product	1953	1954	1955 production quota	Maximum annual pro- duction capacity of the Industry
Trunk positions	75	182	40	300
Subscriber units of exchanges - dial systems	11 700	17 300	16 950	70 - 80 000
Telephones	26 750	14 200	16 000	40 - 50 000

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List of Telephone Exchanges and Subscriber's Lines of the District Administrations
for Post and Telecommunications (BPF), Status 31 December 1953

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BPF	Number of exchanges			Number of subscribers		
	dial service	local battery	common battery	dial service	local battery	common battery
Cottbus	62	19	12	13 600	840	1 410
Dresden	103	7	15	52 640	2 000	2 590
Erfurt	90	13	3	29 116	3 050	2 230
Frankfurt/Oder	31	42	24	8 430	2 040	4 540
Gera	57	10	-	18 820	1 520	-
Halle	100	6	3	46 740	1 740	550
Karl-Marx-Stadt	96	12	6	64 025	4 300	4 956
Leipzig	66	5	7	49 150	1 700	1 730
Magdeburg	105	32	36	29 220	6 800	4 820
Neubrandenburg	57	62	16	10 135	2 880	2 530
Potsdam	87	48	18	26 487	2 995	3 970
Rostock	79	22	11	19 065	1 490	2 270
Schwerin	60	44	7	14 165	2 690	900
Suhl	38	19	5	12 080	2 650	800

GDR Total: 1 031 341 163 393 673 36 695 33 296

1 535 exchange stations

463,664 subscribers

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COUNTRY East Germany

SUBJECT The East German Ministry
 and Telecommunications

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ARMY	<input checked="" type="checkbox"/>	AGR	<input checked="" type="checkbox"/>	FBI								

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Sternberg, chief Fe I, as chairman, each item of the individual district administration investment plans was checked and the funds were reduced approximately 3,200,000 DEM. This affected the investment plans which had not been completed. After the reduction, the 1954 investment plans of the HV Telecommunications amounted to 39,520,000 DEM and had been realized to 97 percent.¹

5. In late September 1954, the HV Telecommunications was requested by the State Planning Commission to reduce the 1954 funds allotted for the construction of the repeater station "A" in Strausberg to 200,000 eastmarks since it was improbable that the construction work scheduled for 1954 could be done. Since the local construction firms were already completely occupied with the Strausberg South and North housing projects for the Ministry of Interior, neither labor nor material was available for the construction of the repeater station. The Strausberg repeater station was scheduled to be completed in July 1955.
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requesting a reduction of funds about 3,500,000 DME and prohibiting any replanning had the result of making these funds unavailable. A request of the MPF that the required funds could be taken from the 3,500,000 DME to be turned over to the State Planning Commission or be obtained by internal replanning was rejected by the Cabinet Council on 21 October 1954. Although no funds were available, the project was not cancelled. The expenses for installations which had already been ordered were covered by 100,000 Eastmarks working capital of the Deutsche Post Procurement Office, although this was against the plan and considered a black investment. Assembly work of the dial central office in Leipzig was to start on 2 January 1955.

11. On 21 October 1954, the Cabinet Council approved the construction of a power unit for the Soviet message center at Karlshorst. The 85,000 Eastmarks to cover the expenses were to be obtained by replanning the funds available.
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Investment Plan of the HV Telecommunications of the ITF For the Second Half of 1954

A. Changes in Plan ing (in eastmarks)

Object	July	August	September	October	November	December
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9. Hochbau Gera	350,000	350,000	270,000		270,000	270,000
10. Hochbau Neubrandenburg	250,000	250,000	140,000		140,000	140,000
11. Repeater Station "A"	400,000	400,000	200,000		200,000	70,000
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Total:	42,800,000	42,310,000	39,700,000		39,680,000	39,520,000

B. Fulfillment of Plans (in eastmarks)

	July	August	September	October	November	December
1. 540,000	580,000	580,000	605,000	620,000	655,000	
2. 3,540,000	3,980,000	4,490,000	5,040,000	5,440,000	8,570,000	
3. 3,610,000	4,530,000	5,510,000	5,970,000	6,720,000	8,570,000	
4. 1,270,000	1,525,000	1,710,000	1,970,000	2,300,000	4,650,000	
5. 4,600,000	5,940,000	7,235,000	8,770,000	10,450,000	12,450,000	
6. 165,000	180,000	320,000	410,000	530,000	1,650,000	
7. 125,000	170,000	230,000	310,000	375,000	480,000	
8. 60,000	80,000	115,000	145,000	190,000	285,000	
9. 30,000	65,000	75,000	120,000	150,000	260,000	
10. -	-	15,000	30,000	50,000	105,000	
11. -	-	-	-	5,000	45,000	
12. 640,000	840,000	1,090,000	1,280,000	1,350,000	2,200,000	
Total: 14,580,000	17,890,000	21,370,000	24,650,000	28,580,000	37,730,000	

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C. Fulfilment of Plans (in percentage)

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	July	August	September	October	November	December
1.	80	86	87	90	94	90.5
2.	51	58	67	75	82	90
3.	37	47	64	69	77	99
4.	23	32	39	45	51	99.5
5.	35	44	55	67	80	98
6.	7	8	14	19	24	70.5
7.	25	35	48	65	78	98
8.	19	26	39	49	62	100
9.	10	19	27	45	55	100
10.	-	-	10	24	30	78
11.	-	-	-	-	2.5	72
12.	25	32	45	53	64	95
Average:	34	43	54	62	71	97

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Remarks

1. The figures give the status at the end of the month.
2. In July, the investment funds for the Object No 2, 3, 5, and 11 ^{were} increased. Project No 11 involved the repeater station for the Ministry of Interior. The station was to be gradually transferred to Strausberg by 1 July 1955.
3. In August the funds for the Objects 2, 3, and 4 were reduced after it was determined that various products could not be delivered before 1955. Half of the money was given to Object No 5 and 12 and the other half to the planning reserve.
4. Following a decision of the Cabinet Council dated 26 August 1954, the HV Telecommunications had to divert 3,900,000 DM of their funds to the Ministry of Finance and had to reduce the funds for all projects. Serious cuts affected those projects which could not be completed on schedule by the end of 1954. 2,600,000 DM obtained by cuts and the 570,000 Eastmarks of the plan reserves in August were transmitted to the State Planning Commission. The remaining amount of 325,000 Eastmarks was to be obtained by further reductions at a later date.
5. No essential cuts were made in October and November.
6. In order to facilitate a 95 to 98 percent fulfilment of the investment plan by the end of 1954, the State Planning Commission officially permitted replanning on 6 December. Items that could be delivered immediately, such as telephones, rectifiers etc, were not available for Objects 2, 3, 4, and 12. In December 1954 the Investbank-Zentrale Berlin published directives for the final settlement of accounts. All amounts saved by the District Administrations, that is all those funds that had not been used, and had already been placed at the disposal of the Investbank, could be accounted for as fulfilment. The 1.5 percent price reduction for construction and assembly work which was to be achieved by improved working methods and had already been subtracted from the fixed budget could also be placed on the fulfilment account. The construction and assembly work concerned all bricklaying, carpentry work, plumbing and roofing. This measure affected a theoretical fulfilment of the investment plans of 97.2 percent, which with correct balancing would have amounted only to 86 to 87 percent. An amount of 200,000 Eastmarks was given to the planning reserves of the State Planning Commission.

25X1

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S-E-C-R-E-T

Annex 2

25X1

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-7-

Tabulation Prepared in Early November 1954 by the HV
Telecommunications for the Soviet Adviser at the Ministry of Post and
Telecommunications

Units delivered

Product	1953	1954	1955 production quota	Maximum annual pro- duction capacity of the Industry
Trunk positions	75	182	40	300
Subscriber units	11 700	17 300	16 950	70 - 80 000
of exchanges - dial systems				
Telephones	26 750	14 200	16 000	40 - 50 000

S-E-C-R-E-T

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25X1

S-E-C-R-E-T

Annex 3

List of Telephone Exchanges and Subscriber's Lines of the District Administrations
for Post and Telecommunications (BPF), Status 31 December 1953

BPF	Number of exchanges			Number of subscribers		
	dial service	local battery	common battery	dial service	local battery	common battery
Cottbus	62	19	12	13 600	840	1 410
Dresden	103	7	15	52 640	2 000	2 590
Erfurt	90	13	3	29 116	3 050	2 230
Frankfurt/Oder	31	42	24	8 430	2 040	4 540
Gera	57	10		18 820	1 520	
Halle	100	6	3	46 740	1 740	550
Karl-Marx-Stadt	96	12	6	64 025	4 300	4 956
Leipzig	66	5	7	49 150	1 700	1 730
Magdeburg	105	32	36	29 220	6 800	4 820
Neubrandenburg	57	62	16	10 135	2 880	2 530
Potsdam	87	48	18	26 487	2 995	3 970
Rostock	79	22	11	19 065	1 490	2 270
Schwerin	60	44	7	14 165	2 690	900
Suhl	38	19	5	12 080	2 650	800
GDR Total:	1 031	341	163	393 673	36 695	33 296
	1 535 exchange stations			463,664 subscribers		

S-E-C-R-E-T

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